

COALITION ON HUMAN NEEDS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

September 30, 2021

COALITION ON HUMAN NEEDS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Coalition on Human Needs

We have audited the accompanying financial statements of Coalition on Human Needs, which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coalition on Human Needs as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
May 24, 2022

COALITION ON HUMAN NEEDS

Statement of Financial Position

September 30, 2021

Assets

Cash	\$	1,223,934
Grants and contributions receivable		765,000
Prepaid expense		29,138
Property and equipment, net		11,165
Deposits		<u>16,779</u>

Total assets \$ 2,046,016

Liabilities and Net Assets**Liabilities**

Accounts payable and accrued expenses	\$	15,964
Accrued vacation		17,620
Deferred rent		<u>40,779</u>

Total liabilities 74,363

Net Assets

Without donor restrictions		822,931
With donor restrictions		<u>1,148,722</u>

Total net assets 1,971,653

Total liabilities and net assets \$ 2,046,016

COALITION ON HUMAN NEEDS

Statement of Activities

Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 831,350	\$ 895,000	\$ 1,726,350
Membership dues	83,135	-	83,135
Contract income	26,945	-	26,945
Net assets released from restrictions:			
Expiration of time restrictions	330,500	(330,500)	-
Expiration of purpose restrictions	46,278	(46,278)	-
Total revenue and support	<u>1,318,208</u>	<u>518,222</u>	<u>1,836,430</u>
Expenses			
Program services	1,070,851	-	1,070,851
Supporting services:			
Management and general	253,202	-	253,202
Fundraising	178,067	-	178,067
Total supporting services	<u>431,269</u>	<u>-</u>	<u>431,269</u>
Total expenses	<u>1,502,120</u>	<u>-</u>	<u>1,502,120</u>
Change in Net Assets	(183,912)	518,222	334,310
Net Assets, beginning of year	<u>1,006,843</u>	<u>630,500</u>	<u>1,637,343</u>
Net Assets, end of year	<u>\$ 822,931</u>	<u>\$ 1,148,722</u>	<u>\$ 1,971,653</u>

See accompanying notes.

COALITION ON HUMAN NEEDS
Statement of Functional Expenses
Year Ended September 30, 2021

	<u>Supporting Services</u>			Total Supporting Services	Total
	Program Services	Management and General	Fundraising		
Salaries and related expenses	\$ 773,114	\$ 172,551	\$ 145,922	\$ 318,473	\$ 1,091,587
Professional services	121,188	21,571	4,396	25,967	147,155
Occupancy	68,906	14,820	13,006	27,826	96,732
Office expenses	54,782	11,784	10,340	22,124	76,906
Subscriptions	33,534	3,365	-	3,365	36,899
Bad debt expense	-	25,000	-	25,000	25,000
Depreciation and amortization	13,826	2,973	2,610	5,583	19,409
Computer, software, and tools	2,952	635	557	1,192	4,144
Insurance	1,839	396	347	743	2,582
Event expenses	-	-	786	786	786
Dues	166	-	-	-	166
Other expenses	544	107	103	210	754
Total Expenses	<u>\$ 1,070,851</u>	<u>\$ 253,202</u>	<u>\$ 178,067</u>	<u>\$ 431,269</u>	<u>\$ 1,502,120</u>

See accompanying notes.

COALITION ON HUMAN NEEDS

Statement of Cash Flows

Year Ended September 30, 2021

Cash Flows from Operating Activities

Change in net assets	\$	334,310
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		19,409
Change in operating assets and liabilities:		
Accounts receivable		45,450
Grants and contributions receivable		(130,026)
Prepaid expenses		3,089
Accounts payable and accrued expenses		5,294
Accrued vacation		3,042
Deferred rent		<u>(8,756)</u>
Net cash provided by operating activities		<u>271,812</u>

Cash Flows from Investing Activities

Purchases of property and equipment		<u>(5,310)</u>
Net cash used in investing activities		<u>(5,310)</u>

Net Increase in Cash

266,502

Cash, beginning of year

957,432

Cash, end of year

\$ 1,223,934

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2021

1. Nature of Operations

Coalition on Human Needs (the Coalition) was incorporated in the District of Columbia on April 14, 2009. The Coalition is an alliance of national organizations working together to promote public policies which address the needs of low-income and other vulnerable populations. The Coalition's mission includes but is not limited to (a) analyzing and adopting positions relating to federal, state, and local responsibilities for meeting the needs of low-income people, (b) advocating for those positions at the federal level, and (c) working with and assisting national, state, and local groups with interests similar to those of the Coalition. The Coalition funds its program and supporting services primarily through grants and contributions from individuals, organizations, and foundations.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Coalition have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from the Coalition's various grantors and contributors and are recorded at their net present realizable value. The balance of grants and contributions receivable at September 30, 2021 is expected by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

Property and Equipment

Property and equipment over \$1,000 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the related assets. Direct costs incurred during the application stage of the development of the Coalition's website are capitalized and amortized over an estimated useful life. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Coalition's general operations.
- *Net Assets With Donor Restrictions* represent funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Coalition did not have any donor-imposed restrictions which are perpetual in nature at September 30, 2021.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Grants and Contributions

Unconditional grants and contributions are recognized upon notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Grants and contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when those restrictions are met, only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and for the expiration of donor-imposed time restrictions. These reclassifications are reported on the accompanying statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized in revenue once the conditions on which they depend have been met. Amounts received in advance of the conditions being met are recorded as refundable advances. The Coalition had \$10,000 in unrecognized conditional awards at September 30, 2021.

Membership Dues

Membership dues are treated as contributions as there is no significant value received in return for the membership dues. At September 30, 2021, there were no membership dues receivable or deferred membership dues.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Coalition incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Coalition also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the distribution of labor. Expenses allocated include salaries and related expenses, professional services, occupancy, office expenses, subscriptions, depreciation and amortization, computer, software and tools, insurance, and other expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Pending Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The core principles of ASU 2020-07 address the measurement of nonfinancial contributions and increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendments in the update are to be applied on a retrospective basis. ASU 2020-07 is effective for non-public entities for fiscal years beginning after June 15, 2021.

3. Concentrations

The Coalition maintains demand deposits with financial institutions that may, from time to time, exceed the Federal Deposit Insurance Corporation (FDIC) limits. The Coalition has not experienced any losses to date as it relates to FDIC insurance limits, monitors the credit worthiness of these institutions, and believes that the risk of any loss is minimal.

At September 30, 2021, the Coalition had 39% of grants and contributions receivable due from one donor. In addition, revenue and support from three sources composed 80% of total revenue and support during the year ended September 30, 2021.

4. Property and Equipment

The Coalition held the following property and equipment at September 30, 2021:

Website	\$ 37,264
Furniture and equipment	<u>25,610</u>
Total property and equipment	62,874
Less: accumulated depreciation and amortization	<u>(51,709)</u>
Property and equipment, net	<u>\$ 11,165</u>

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2021

5. Liquidity and Availability of Resources

The following schedule reflects the Coalition's financial assets as of September 30, 2021, reduced by amounts not available for general use within one year. All financial assets listed below are considered to be convertible to cash within one year.

Financial Assets:	
Cash	\$ 1,223,934
Grants and contributions receivable	<u>765,000</u>
Total financial assets	1,988,934
Less: Donor-imposed restrictions on the financial assets	<u>(383,722)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,605,212</u>

The Coalition's policy is to structure its financial assets to become available as general expenditures, liabilities and other obligations become due, operating within a prudent range of financial soundness and stability while maintaining and monitoring reserves to provide reasonable assurance that long-term program goals with donor restrictions will continue to be met.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at September 30, 2021:

Subject to passage of time	\$ 765,000
Subject to expenditures for specific purposes:	
Child tax credit outreach campaign	<u>383,722</u>
Total net assets with donor restrictions	<u>\$ 1,148,722</u>

During the year ended September 30, 2021, releases from net assets with donor restrictions were for the following:

Subject to passage of time	\$ 330,500
Subject to expenditures for specific purposes:	
Child tax credit outreach campaign	<u>46,278</u>
Total net assets released from donor restrictions	<u>\$ 376,778</u>

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2021

7. Leases

In September 2018, the Coalition entered into an office lease agreement commencing in February 2019 and expiring in June 2024. The lease agreement calls for a base monthly rent payment of \$8,599 with a two and a half percent annual escalation clause. Additionally, the lease agreement provides the Coalition with seven months of rent abatement. Rent expense under these office leases was \$96,732 for the year ended September 30, 2021.

The Coalition records monthly rent expense on a straight-line basis equal to the total rent due over the lease term. The difference between rent expense recorded and the amount paid is included in deferred rent on the accompanying statement of financial position. Deferred rent was \$40,779 at September 30, 2021.

On September 30, 2021, future minimum lease payments required under this lease are as follows for the years ending September 30:

2022	\$	107,544
2023		110,228
2024		103,482
		<hr/>
Total future minimum lease payments	\$	<u>321,254</u>

8. Retirement Plan

The Coalition maintains a 401(k) plan (the Plan) that covers all eligible employees. Under the terms of the Plan, eligible employees may elect to make deferrals up to Federal limits. After six months of participant's employment, the Coalition makes discretionary contributions no less than 3% of each participant's compensation. Employees are immediately vested in all deferrals and employer contributions. The Coalition contributed approximately \$56,000 to the Plan during the year ended September 30, 2021.

9. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Coalition is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended September 30, 2021, as the Coalition had no taxable net unrelated business income.

The Coalition follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized on an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Coalition's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Coalition performed an evaluation of uncertain tax positions for the year ended September 30, 2021 and determined that there were no matters that would require recognition on the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Coalition files tax returns.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2021

10. Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through May 24, 2022, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.